

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)	
UPPER MICHIGAN ENERGY RESOURCES)	
CORPORATION for a power supply cost recovery)	
reconciliation proceeding for the 12-month period)	Case No. U-17914-R
ended December 31, 2016 for the former Wisconsin)	
Public Service Corporation Michigan service territory.)	
_____)	

At the October 25, 2017 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman
Hon. Norman J. Saari, Commissioner
Hon. Rachael A. Eubanks, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On March 29, 2017, Upper Michigan Energy Resources Corporation (UMERC) filed an application, with supporting testimony and an exhibit, requesting approval of its power supply cost recovery (PSCR) reconciliation for the 12-month period ended December 31, 2016 for its Wisconsin Public Service Corporation rate zone.

A prehearing conference was held on June 1, 2017, before Administrative Law Judge Mark D. Eyster (ALJ). During the hearing, the ALJ granted intervenor status to Fibrek. UMER, Fibrek, and the Commission Staff participated in the proceedings. Subsequently, the parties submitted a settlement agreement resolving all issues in the case.

The Commission has reviewed the settlement agreement, and finds that the public interest is adequately represented by the parties who entered into the settlement agreement. The Commission

further finds that the settlement agreement is in the public interest, represents a fair and reasonable resolution of the proceeding, and should be approved.

THEREFORE, IT IS ORDERED that:

- A. The settlement agreement, attached as Exhibit A, is approved.
- B. The 2016 power supply cost recovery reconciliation under-recovery of \$28,874 for the Wisconsin Public Service Corporation rate zone is approved.
- C. Upper Michigan Energy Resources Corporation shall reflect the \$28,874 under-recovery amount as its 2017 power supply cost recovery reconciliation beginning balance.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel. Electronic notifications should be sent to the Executive Secretary at mpscedockets@michigan.gov and to the Michigan Department of the Attorney General – Public Service Division at pungpl@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General – Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Sally A. Talberg, Chairman

Norman J. Saari, Commissioner

Rachael A. Eubanks, Commissioner

By its action of October 25, 2017.

Kavita Kale, Executive Secretary

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UPPER MICHIGAN ENERGY RESOURCES)	Case No. U-17914-R
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SETTLEMENT AGREEMENT

Pursuant to MCL 24.278 and Rule 431 of the Michigan Administrative Hearing System's Administrative Hearing Rules, 2015 AC, 792.10431, Upper Michigan Energy Resources Corporation ("UMERC" or the "Company"), Fibrek, and the Commission Staff ("Staff") agree as follows:

1. On March 29, 2017, the Company filed with the Commission its application, testimony and an exhibit seeking authority to reconcile the power supply costs and revenues for the 12-month period ending December 31, 2016 for its WPSC Rate Zone. In its application, UMERC requested authority to roll-in an under-recovery of \$28,874.

2. On May 1, 2017, the Commission's Executive Secretary issued the Notice of Hearing in this proceeding directing the Company to mail a copy of the Notice of Hearing to all cities, incorporated villages, townships, and counties in its Michigan electric service area, as well as to intervenors in Case Nos. U-17914 and U-17672-R. Furthermore, the Company was directed to publish the Notice of Hearing in daily newspapers of general circulation in its

Michigan electric service area. On May 19, 2017, consistent with the Executive Secretary's directives, the Company electronically filed its affidavit of mailing and proof of publication.

3. On June 1, 2017, Administrative Law Judge Mark D. Eyster conducted the prehearing conference. The Company and Staff attended the prehearing conference. The petition to intervene of Fibrek was granted.

4. Subsequently, the parties engaged in settlement discussions and agreed as follows:

a. The expenditures charged in the WPSC Rate Zone for the cost of power supply were reasonably and prudently incurred for the 12-month period ending December 31, 2016, and the purchase practices followed comport with the 2016 PSCR Plan as approved by the Commission in Case No. U-17914.

b. UMERL experienced a total under-recovery of \$28,874 during the period ending December 31, 2016. This amount reflects the roll-in of the 2015 overrecovery of \$206,520 authorized in Case No. U-17672-R, and interest.

c. It is agreed that UMERL shall reflect the \$28,874 under-recovery as the 2017 PSCR reconciliation beginning balance.

5. All the parties are of the opinion that this Settlement Agreement is in the public interest, represents a fair and reasonable resolution of the proceeding, and will aid in the expeditious conclusion of this case.

6. This Settlement Agreement is entered into for the sole and express purpose of reaching a compromise among the parties. All offers of settlement and discussions relating to this settlement are considered privileged under Michigan Rule of Evidence 408. If the Commission approves this Settlement Agreement without modification, neither the parties to the

Settlement Agreement or the Commission shall make any reference to, or use this Settlement Agreement nor the order approving it, as a reason, authority, rationale or example for taking any action or position or making any subsequent decision in any other case or proceeding, however, such references may be made to enforce or implement the provisions of this Settlement Agreement and the order approving it.

7. The parties further agree that any order approving this Settlement Agreement shall not establish precedent for future proceedings. This Settlement Agreement is based on the facts and circumstances of this case and is intended as the final disposition of Case No. U-17914-R. If the Commission approves this Settlement Agreement, without modification, the undersigned parties agree not to appeal, challenge or otherwise contest the Commission order approving this Settlement Agreement.

This Settlement Agreement is not severable. Each provision of this Settlement Agreement is dependent upon all other provisions of this Settlement Agreement. Failure to comply with any provision of this Settlement Agreement constitutes failure to comply with the entire Settlement Agreement. If the Commission rejects or modifies this Settlement Agreement or any provision of this Settlement Agreement, this Settlement Agreement shall be deemed to be withdrawn, it shall not constitute any part of the record in this proceeding or be used for any other purpose, and shall not operate to prejudice the pre-negotiation position of any party.

8. All parties agree to waive § 81 of the Administrative Procedures Act of 1969, as amended, MCL 24.281, as it applies to the issues in this proceeding, if the Commission approves this Settlement Agreement without modification.

UPPER MICHIGAN ENERGY RESOURCES
CORPORATION

Dated: September 29, 2017

By: **Sherri A. Wellman**
Its Attorney
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MICHIGAN PUBLIC SERVICE COMMISSION STAFF

Dated: September 29, 2017

By: *Michael J. Orris*
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FIBREK

Dated: September 29, 2017

By: **Richard J. Aaron**
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